

Division of Securities
Utah Department of Commerce
160 East 300 South
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF :

WILLIAM R. CLEMONS, CRD #4985168

Respondent.

ORDER TO SHOW CAUSE

Docket no. SD-05-0068

**TO: William R. Clemons
Salt Lake County Metro Jail
3415 South 900 West
Salt Lake City, UT 84119**

OR

**1397 Highland Hollow Drive
West Jordan, UT 84084**

It appears to the Director ("Director") of the Utah Division of Securities ("Division") that William R. Clemons ("Respondent") may have engaged in acts and practices that constitute violations of the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, et seq. ("the Act"). Those acts and practices are more fully described herein. Based upon the Division's investigation into this matter, the Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20(1) of the Act.

STATEMENT OF FACTS

1. Respondent has been employed with Fidelity Brokerage Services, LLC ("Fidelity") since May 2, 2005. He filed an application for a broker-dealer agent license with the Division, through the Central Registration Depository ("CRD"), on July 7, 2005. Respondent's application is currently pending, but incomplete.
2. According to his application, Respondent's place of residence is in West Jordan, Utah.
3. As part of his application, Respondent took the General Securities Representative Licensing Examination ("Series 7") on September 23, 2005. He failed the examination at that time. Respondent has not taken the Uniform Securities Agent State Law Examination ("Series 63"), which is also a requirement for licensure.

Criminal Charges

4. Respondent was criminally charged with nine felony counts on November 10, 2004, in Third District Court, Salt Lake County (case number 041907280). He was charged with two counts of Unlawful Acquisition/Possession/Transfer of a Financial Transaction Card, two counts of Forgery, and five counts of Theft by Deception.
5. According to the criminal charges, during 2003 and 2004, Respondent convinced an 80-year old friend ("Victim") to write cash advance checks on her Bank One Visa Card totaling \$5,587.76. Respondent convinced Victim the monies would be used to pay his wife's medical expenses and promised he would repay Victim as soon as his medical insurance reimbursed him. Respondent never repaid Victim.

6. The criminal charges further allege that between January 2003 and July 2004, Respondent opened multiple credit card accounts in Victim's name and charged at least \$4,951 to the cards, without Victim's knowledge or consent.
7. Respondent admitted to criminal investigators that he removed mail from Victim's mailbox, stole checks, and opened credit card accounts in Victim's name.
8. On June 9, 2005, Respondent pled guilty to two counts of Unlawful Acquisition/Possession/Transfer of a Financial Transaction Card. He later was sentenced to a year in jail and ordered to pay restitution of \$13,463.99.

False Statements in a License Application

9. Respondent falsified his license application filed with the Division by denying he had been charged with any felony or had been convicted or pled guilty to any felony. In fact, at the time of his application, he had been charged with nine felonies and pled guilty to two felonies.

Solicitation of Investments

10. In August 2003, Respondent approached a married couple ("Investors") in Salt Lake County about investing in a Guaranteed Investment Contract ("GIC").
11. Respondent explained he would take Investors' money, pool it with other investors' money, and invest in a diversified global fund and stock.
12. Respondent falsely represented to Investors that he and his business associates had in excess of a million dollars invested in the GIC.
13. Respondent further represented to Investors they would be guaranteed a ten percent annual return.

14. Based on Respondent's representations, Investors gave Respondent a check, made payable to Respondent, for \$7,787.45. The check was deposited into a personal bank account belonging to Respondent and his wife on September 19, 2003. Three days later, over \$5,800 of these funds were withdrawn as cash.
15. Investors gave Respondent a second check, made payable to Respondent, for \$5,297.25. This second check was deposited into the same personal bank account on October 3, 2003. These funds also were used for Respondent's personal expenses such as credit card payments and groceries.
16. Investors gave Respondent a third check, made payable to Respondent, for \$6,915.30. This check was not deposited, but was endorsed by Respondent and cashed.
17. Investors have repeatedly requested that Respondent return their investment but Respondent has not returned any money.

CAUSES OF ACTION

COUNT I, II, III, and IV

(Securities Fraud under § 61-1-1(2))

18. Respondent violated Section 61-1-1(2) by failing to disclose to his investors the material facts that:
 - a. he would use the money they invested for unauthorized personal expenditures;
 - b. at the time he was soliciting their investments, he was stealing money from his 80-year old victim;
 - c. their money was not pooled with other investor funds; and
 - d. their money was not invested in a diversified global fund and stock.

COUNT V

(Filing of False Statement under § 61-1-16 of the Act)

19. Respondent violated Section 61-1-16 by filing a false licensing application which denied the existence of prior criminal charges on nine felony counts and his prior guilty plea to two felony counts.

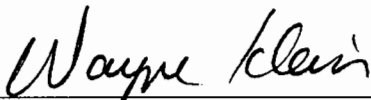
ORDER

The Director, pursuant to Utah Code Ann. § 61-1-20, hereby orders Respondent to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-6 through -11 and held before the Utah Division of Securities. As set forth in the Notice of Agency Action accompanying this Order, Respondent is required to file a written response with the Division, and a hearing on this matter has been scheduled for December 1, 2005 at 9 a.m. The hearing will take place at the Division of Securities, Room 210, 160 East 300 South, Salt Lake City, Utah. If Respondent fails to file a written response or appear at the hearing, findings may be entered, an Order to Cease and Desist may be issued, a fine may be imposed, and a bar from associating with a licensed broker-dealer or investment adviser in this state may be imposed against Respondent, as provided by Utah Code Ann. §§ 63-46b-8 or -11. At the hearing, Respondent may show cause, if any he has:

1. Why Respondent should not be found to have violated the Utah Uniform Securities Act;
2. Why Respondent should not be ordered permanently to cease and desist from engaging in any further conduct in violation of Utah Code Ann. §§ 61-1-1, and -16, or any other section of the Act;

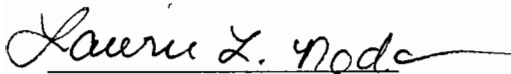
3. Why Respondent should not be ordered to pay a fine to the Division in an amount to be determined at the hearing; and
4. Why Respondent should not be barred from associating with any licensed broker-dealer or investment adviser in this state.

DATED this 21st day of October, 2005.



Wayne Klein
Director
Utah Division of Securities

Approved:



Laurie L. Noda
Assistant Attorney General

Division of Securities
Utah Department of Commerce
160 East 300 South
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF :

WILLIAM R. CLEMONS, CRD #4985168

Respondent.

NOTICE OF AGENCY ACTION

Docket no. SD-05-0068

THE UTAH DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENT:

The purpose of this Notice of Agency Action is to inform you that the Utah Division of Securities ("Division") hereby commences a formal adjudicative proceeding against you as of the date of the mailing of this Notice. The authority and procedure by which this proceeding is commenced are provided by Utah Code Ann. §§ 63-46b-3 to -11. The facts on which this action is based are set forth in the accompanying Order to Show Cause.

Within thirty (30) days of the date of this Notice, you are required to file a written response with the Division. The response you file may be helpful in clarifying, refining or narrowing the facts and violations alleged in the Order to Show Cause.


A hearing in this matter has been scheduled for December 1, 2005 at 9 a.m. The hearing will take place at the Division of Securities, Room 210, 160 East 300 South, Salt Lake City,

Utah.

If you fail to file a written response or fail to appear at the hearing, you may be held in default in accordance with Utah Code Ann. § 63-46b-11 without any further notice to you, or the hearing may proceed without your participation under § 63-46b-8.

The presiding officer in this case is Wayne Klein, Director, Division of Securities, 160 East 300 South, P.O. Box 146760, Salt Lake City, UT 84114-6760, telephone (801) 530-6600. An administrative law judge may be assigned after the initial hearing. At any hearings, the Division will be represented by the Attorney General's Office, 160 East 300 South, P.O. Box 140872, Salt Lake City, UT 84114-0872, telephone (801) 366-0310. You may appear and be heard and present evidence on your behalf at any such hearings. You may be represented by counsel of your choice in these proceedings. You may attempt to negotiate a settlement of the matter without filing an answer or proceeding to hearing. Should you so desire, please contact the Utah Attorney General's Office. Questions regarding the Order to Show Cause should be directed to Laurie Noda, Assistant Attorney General, 160 E. 300 South P.O. Box 140872, Salt Lake City, UT 84114-0872, telephone (801) 366-0310.

Dated this 21st day of October, 2005.


Wayne Klein
Director, Division of Securities
Utah Department of Commerce

Certificate of Mailing

I certify that on the 21st day of October, 2005, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to:


William R. Clemons
Salt Lake County Metro Jail
3419 South 900 West
Salt Lake City, UT 84119

Certified Mail # 7005 1160 0003 7034 0418

OR

1397 Highland Hollow Drive
West Jordan, UT 84084

Certified Mail # 7005 1160 0003 7034 0425



Executive Secretary